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MONTGOMERY WARD

Sixty-first Annual Report

Fiscal Period Ended

January 31

1933

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MONTGOMERY WARD & CO.,
INCORPORATED

Sixty-first Annual Report

Fiscal Period Ended January 31, 1933

Chicago, March 27, 1933

*To the Stockholders of
Montgomery Ward & Co.:*

To secure the advantages of taking inventories at a period most favorable to retail merchandising, the Company has changed its business year to end January 31. The financial accounts herewith presented are for the thirteen months ended January 31, 1933.

The operations of the Company for the thirteen months show a loss of \$5,686,783.75 as compared with a loss of \$9,737,083.08 for the thirteen months ended January 31, 1932. Sales declined from \$210,945,672.00 to \$176,488,690.00 or \$34,456,982.00 equivalent to 16.33%.

The financial position of the Company is strong. Current assets at January 31, 1933 (excluding first mortgage notes on homes sold, heretofore shown as a current asset) were \$83,460,366.06 against current liabilities of \$7,140,395.41—a ratio of 11.7 to 1.

Cash and marketable securities amounted to \$27,823,967.08. Inventories, valued at cost or market

prices, whichever lower, are larger than a year ago, having been built up in accordance with revised merchandising policies.

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APR 27 1934
The 99,764 shares of common stock held in the treasury consist of 50,586 shares acquired prior to 1932, of which 43,117 were re-purchased from employees at cost to them plus 5% interest in accordance with contracts of sale. The remaining 49,178 shares were purchased in the open market at an average cost to the Company of \$8.43 per share. These are substantially all of the block of 100,000 shares of the Company's common stock on which your President was granted an option at \$11.00 per share, under the arrangement made when he came with the Company.

Adequate reserves have been made for all known losses and liabilities. The balance sheet at January 31, 1933, is conservatively stated.

Respectfully submitted,

SEWELL L. AVERY,
President

Montgomery Ward

(AN ILLINOIS CORPORATION)

Consolidated Balance Sheet

ASSETS

Current Assets:

Cash		\$ 9,300,907.53	
Marketable securities—at cost—			
United States Government securities	\$ 16,988,085.81		
Other securities	<u>1,534,973.74</u>	18,523,059.55	
(Market value at January 31, 1933— \$18,434,241)			
Receivables—less reserves—			
Customers'—time payment (average terms ten months) and charge accounts	\$ 13,848,761.23		
Vendors' accounts and claims receivable	<u>1,038,080.68</u>	14,886,841.91	
Merchandise inventories, certified by man- agement as to quantities and condition, valued at cost or market, whichever lower			<u>40,749,557.07</u>
Total current assets			\$ 83,460,366.06

First Mortgage Notes and Investments— at estimated realizable values:

Notes and land contracts on homes sold (due in installments) and homes held for resale	\$ 10,628,930.38		
Investments	<u>493,837.70</u>	11,122,768.08	

Prepaid Spring Catalogue Costs,

Supplies, Insurance, Etc.		2,632,046.10	
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Fixed Assets:

Land	\$ 5,923,571.08		
Buildings	\$ 29,867,545.80		
Fixtures and equipment . . .	<u>21,215,420.87</u>		
	\$ 51,082,966.67		
Less—			
Reserve for depreciation	<u>13,718,695.00</u>	37,364,271.67	
Leasehold improvements—less amortization	<u>1,052,934.44</u>	44,340,777.19	
		<u>\$141,555,957.43</u>	

& Co., Incorporated

CORPORATION)

Sheet—January 31, 1933

LIABILITIES

Current Liabilities:

Accounts payable.....	\$ 4,079,442.48
Due customers.....	1,033,324.51
Accrued expenses.....	1,833,028.42
Maturities on long term debt, due within one year.....	194,600.00
Total current liabilities.....	\$ 7,140,395.41

Long Term Indebtedness due serially:

Purchase contract—Chicago Administration Building — and first mortgage bonds (current maturities above)	2,024,000.00
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General Reserves.....	2,688,576.35
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Capital Stock and Surplus:

Capital stock—

Authorized—

Class "A"—\$7 per share non-callable
cumulative—

205,000 shares of no par value (On
liquidation receives \$100 per share)

Common—

6,000,000 shares of no par value

Outstanding—

Class "A"—

201,554 shares, after deducting 3,446
shares in treasury—dividends
in arrears to January 31, 1933,
\$1,175,731.67.

Common—

4,465,240 shares, after deducting
99,764 shares in treasury under
option.

\$121,232,141.44

Earned surplus.....	8,470,844.23	129,702,985.67
		<u>\$141,555,957.43</u>

Montgomery Ward & Co., Incorporated

Consolidated Income Account For the Thirteen Months Ended January 31, 1933

Net Sales		\$176,488,690.00
Less—		
Cost of goods sold (including inventory write-downs) and all other expenses except depreciation	\$178,839,278.27	
Depreciation (including amortization of leasehold improvements— \$340,586.52)	3,247,965.37	182,087,243.64
		<u>\$ 5,598,553.64</u>
Deduct—		
Interest and dividends on securities . . .		769,444.83
		<u>\$ 4,829,108.81</u>
Add—		
Loss on sale of securities acquired in prior years		857,674.94
Net Loss		<u><u>\$ 5,686,783.75</u></u>

Auditors' Certificate

To the BOARD OF DIRECTORS,
Montgomery Ward & Co., Incorporated:

We have examined the accounts of MONTGOMERY WARD & CO., INCORPORATED (an Illinois corporation) and its SUBSIDIARIES, for the thirteen months ended January 31, 1933 and, in our opinion, the accompanying consolidated balance sheet, income, earned surplus and general reserve accounts correctly present the consolidated financial position of the companies at January 31, 1933, the results of operations and the changes in surplus and general reserve accounts for the thirteen months ended that date.

ARTHUR ANDERSEN & CO.

Chicago, Illinois,
February 25, 1933.

Montgomery Ward & Co., Incorporated

Consolidated Earned Surplus Account

For the Thirteen Months Ended January 31, 1933

Balance January 1, 1932.....		\$ 14,514,582.48
Less—		
Loss from operations for the period...	\$ 5,686,783.75	
Dividends paid on class "A" stock (first quarter 1932).....	356,954.50	6,043,738.25
Balance January 31, 1933.....		<u>\$ 8,470,844.23</u>

Consolidated General Reserves

For the Thirteen Months Ended January 31, 1933

Balance January 1, 1932.....		\$ 6,510,051.52
Add—		
Provisions made through charges to income account (net).....		349,246.18
		<u>\$ 6,859,297.70</u>
Less—		
Cost of closing and relocation of stores, etc.....	\$ 2,374,689.73	
Allocated to specific assets—		
Firstmortgagenotes and investments. \$ 1,631,200.00		
Other assets.....	164,831.62	1,796,031.62
		<u>4,170,721.35</u>
Balance January 31, 1933.....		<u>\$ 2,688,576.35</u>

Record of Net Sales

Years Ended December 31

1932 (13 Months) ..	\$176,488,690	1927.....	\$186,683,340
1931.....	200,400,193	1926.....	183,800,865
1930.....	249,097,223	1925.....	170,592,642
1929.....	267,325,503	1924.....	150,045,065
1928.....	214,350,446	1923.....	123,702,043

Montgomery Ward & Co., Incorporated

DIRECTORS

SEWELL L. AVERY, *Chairman*

DAVID A. CRAWFORD

HARRY P. DAVISON

GEORGE B. EVERITT

CHARLES F. GLORE

HARRY E. HUGHES

D. R. McLENNAN

JACKSON E. REYNOLDS

THOMAS P. RIORDAN

CHARLES H. SCHWEPPE

SILAS H. STRAWN

OFFICERS

SEWELL L. AVERY.....*President*

SILAS H. STRAWN.....*Chairman, Executive Committee*

WALTER G. BAUMHOGGER.....*Vice-President*

R. H. FOGLER.....*Vice-President*

WALTER HOVING.....*Vice-President*

HARRY E. HUGHES.....*Vice-President*

DAVID T. WEBB.....*Vice-President*

ROBERT G. BEAR.....*Treasurer*

A. D. CHURBUCK.....*Assistant Treasurer*

GEORGE W. VAUGHT.....*Assistant Treasurer*

THOMAS P. RIORDAN.....*Secretary*

STUART S. BALL.....*Assistant Secretary*

Transfer Agents

MONTGOMERY WARD & Co., INCORPORATED, CHICAGO, ILL.

MONTGOMERY WARD & Co., INCORPORATED, NEW YORK, N. Y.

Registrars

FIRST UNION TRUST & SAVINGS BANK, CHICAGO, ILL.

THE FIRST NATIONAL BANK, NEW YORK, N. Y.



